UNDP

UNITED NATIONS

DEVELOPMENT

PROGRAMME

Distributed on request
DP/PROJECTS/7125

ENGLISH

APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF
NEPAL

IPF:(1987-91) $68 370 000

(NEP/91/027) - Management Support to the Nepal Water Supply Corporation (NWSC)

Date of approval by the AC:[1/]	14 August 1991		
Expected duration:	Four years		
Proposed executing agency:	International Labour Organisation (ILO)		
Government implementing agency:	Nepal Water Supply Corporation (NWSC)		
Proposed UNDP contribution:	$3 400 000	Source of funds:	IPF

Project background

The level of urban water supply and sanitation services is inadequate in all cities and towns of Nepal. Service levels are deteriorating under the impact of urban growth which, at the rate of five percent per year, is almost twice the national population growth rate of 2.7 percent. The urban areas currently under the jurisdiction of the Nepal Water Supply Corporation, experience water quality and quantity deficiencies caused a steady depletion of ground and surface water supplies, high water losses attributable to major deficiencies in the water distribution network, and high iron content causing frequent meter blockages and as well as health hazards due to contamination by infiltration during non-supply hours in the intermittent systems. The cities suffer from inadequate sewerage/sanitation facilities too, as well as from unacceptably low levels of repair and maintenance.

Urban water supply and sanitation in Nepal is the responsibility of the Nepal Water Supply Corporation (NWSC) which was created in November 1989. NWSC has responsibility for all the country's 33 municipalities, but for the time being it administers only 12 towns; it is planned, however, that it will take over operations in additional towns (beyond the 12) gradually, provided it does not adversely affect its finances.

The precarious financial condition of the NWSC with revenues covering only about 50 percent of operation and maintenance expenditures, has forced the NWSC to make short-term savings at the expense of the quantity and quality of water and needed maintenance. The result has been a steady deterioration of service levels and growing customer dissatisfaction. Illegal connections, tampering with water meters, and other abuses of facilities by users have added further to the NWSC's serious managerial and financial problems.

[1/] **This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.**

In response, the Government has adopted a Fifteen-Year Development Program (FYDP) which aims at providing safe and reliable water supplies and sanitation services by the year 2005 to the 12 urban centers covered by NWSC. The FYDP comprises the following major components: (1) management, financial and technical strengthening of the NWSC; (2) rehabilitation of existing water and sanitation assets in the 12 towns covered by NWSC; (3) gradual expansion of water supply and sanitation systems in the 12 towns; and (4) development of a new water supply source for Kathmandu-Lalitpur from outside the valley by tapping the Melamchi River.

Description of project

The immediate objectives of the project are to: (a) implement the first phase of the FYDP through a four-year management support project which will be implemented in tandem with a major IDA-funded investment package totalling $60 million; (b) supplement the institution-building process by another UNDP project entitled "Consumer Education and Community Participation in Water Supply and Sanitation Services" which will be managed by UNICEF; and (c) improve the NWSC's financial, operational and management performance.

Inputs

UNDP will provide a comprehensive subcontract with a competent water utility authority which will include, inter alia, five senior experts in general management, financial management, operations and maintenance, training and manpower development, and construction management, 48 work-months of specialized short-term consultants, on-the-job training for NWSC staff; support equipment; and miscellaneous costs.

Financial data

	$
Personnel	650 000
Subcontract	2 550 000
Miscellaneous	200 000
Total	3 400 000

- - - - -